



Peter Brinton <peterbrinton@utah.gov

Delta Minerals - TD Mining bond update

Bays, Duane <dbays@blm.gov>

Tue, Jun 17, 2014 at 11:25 AM

To: Peter Brinton <peterbrinton@utah.gov>

Cc: Joelle McCarthy <jmccarth@blm.gov>, Michael Gates <mgates@blm.gov>, Marjean Christensen <mchriste@blm.gov>

Peter,

We do still have an \$11,000 bond in a suspense account. The collections and billing system recorded it as received in July 8, 2003, and apparently the funds are still there as of today, June 17, 2014.

The operators did not meet the terms of their BLM sale contract and have been in default since April 23, 2006, when their second contract at the site expired.

It isn't completely clear to me if the \$11,000 is the performance bond or the sale price of the material. We have a contract in the file, signed by the operator, in which the operator agreed to purchase 20,000 tons of material, at \$0.55 per ton, for a total purchase price of \$11,000. If that amount is the purchase price, as stated on the contract, rather than a reclamation bond, then the funds are non-refundable.

Under 43 CFR §3602.21(b), if the operator fails to comply with the terms and conditions of the contract and the BLM cancels the contract under authority of 43 CFR §3601.61, then the operator forfeits all moneys paid. The operator was informed in a letter that required quarterly payments had not been made and annual production reports had not been submitted, as also required. The operator had two contracts at the site, an initial larger one and a subsequent smaller one, and failed to fulfill the terms of either contract. I interpret that to mean that the funds are not refundable.

I'll discuss the issue with our management and let you know how we decide to proceed.

Best wishes,

Duane Bays Natural Resource Specialist Bureau of Land Management Fillmore Field Office 95 East 500 North Fillmore, Utah 84631

(435) 743-3115

On Tue, Jun 17, 2014 at 8:20 AM, Bays, Duane <dbays@blm.gov> wrote: Hi Peter,

I haven't inspected the site recently, but there's a huge amount of reclamation work to be done. Along with a lot of excavation, there's a 50-ft steel silo at the site. There are other items, such as a set of heavy steel stairs.

In BLM terminology, this is a 'mineral materials' site, regulated under CFR §3600. The sale contract expired on April 23, 2006. Our LR 2000 system does't record a 'performance bond' (i.e., reclamation bond) amount for UTU-79455_01, but I found that the operator did submit an \$11,000 bond under a different closed case file, UTU-79455, on July 8, 2003. Nothing had happened at the site for quite a while when I was last out there.

There's a series of letters in the case file in which the operator was told to remove the equipment and personal property from the site or it would become the property of the Federal government (as abandoned). Some equipment was removed, but other items are still there. The operator did not comply with the terms of the contract, and the company was sent a letter to notify them of a BLM decision to terminate the contract.

Best wishes,

Duane Bays Natural Resource Specialist Bureau of Land Management Fillmore Field Office 95 East 500 North Fillmore, Utah 84631

(435) 743-3115

On Mon, Jun 16, 2014 at 5:11 PM, Peter Brinton <peterbrinton@utah.gov> wrote:

FYI. This is for UTU-079455 and UTU-078262. I don't remember what Jerry said about it, but it sounds like it's moving in the right direction. I visited the site a couple years ago. It's near the Drum Mine if you weren't aware.

----- Forwarded message -----From: Paul Baker <paulbaker@utah.gov>

Date: Mon, Jun 16, 2014 at 4:57 PM

Subject: Delta Minerals

To: Peter Brinton <peterbrinton@utah.gov>

I just had a call from David Peterson who has the TD Mining operation (S/027/0080). According to him, some of his investors stole upwards of a million dollars from him, and he recently lost his job. He got our permit fee statement, and I think he would owe about \$1200. Obviously he doesn't have any money, and he asked if we could waive the fee. I was reluctant to do that just on the basis of a phone call, so I told him I would put off the decision.

He's been hauling a bunch of stuff off the site and wants to reclaim, but he has limited money to do it. I suggested you may want to do an inspection, and he wants to come along if you do. I don't know where the site is, but could you plan on it the next time you're in the area?

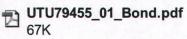
According to Fox Pro, the BLM holds \$11,000, and I told him the majority of the money could be released once he's done the grading but that we couldn't release it in advance.

Paul Baker Minerals Program Manager Utah Division of Oil, Gas and Mining 801-538-5261 M-W, F Peter Brinton

Environmental Scientist/Engineer II Utah Division of Oil, Gas & Mining

Office Phone: 801-538-5258 Days: M - Th, Every Other Friday

Hours: 7:30am - 5:00pm



United States Department of the Interior Bureau of Land Management

FILLMORE FIELD OFFICE 95 EAST 500 NORTH FILLMORE, UT 84631 Phone: (435) 743-3100

Receipt							
No:	708506						

Transaction #: 737438

Date of Transaction: 07/08/2003

CUSTOMER:

DELTA MINERALS INC 545 S OAK DRIVE

WOODLAND HILLS,UT 84653 US

LINE #	QTY	DESCRIPTION	REMARKS	UNIT PRICE	TOTAL
	MINERAL MATERIALS / MINERAL MATERIAL BOND / CASH BOND CASES: UTU 079455/\$11000.00		- n/a -	11000.00	
	-	•	TOTAL: \$11,000.0		11,000.00

		PAYMENT INFORMATION		
1	AMOUNT:	11000.00	POSTMARKED:	N/A
	TYPE:	CHECK	RECEIVED:	07/08/2003
	CHECK NO:	4109257853		
		DELTA MINERALS INC 545 S OAK DRIVE WOODLAND HILLS UT 84653 US		

REMARKS

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